

**JOINT CAPITAL BUDGET MEETING
WAYS AND MEANS AND CONSUMER PROTECTION,
BUDGET AND FINANCE
AD HOC ON MANDATE RELIEF**

Minutes

The joint Ways and Means and Consumer Protection, Budget and Finance and Ad Hoc on Mandate Relief Capital Budget Meeting was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on Wednesday **May 26, 2004** at 9:30 a.m.

MEMBERS PRESENT:

Legislator Cameron Alden
Legislator Andrew Crecca
Legislator Lynne Nowick
Legislator William Lindsay
Legislator Peter O'Leary
Legislator Elie Mystal
Legislator David Bishop
Legislator Daniel Losquadro
Legislator Michael Caracciolo
Legislator Ricardo Montano

MEMBERS NOT PRESENT:

Legislator Vilorio-Fisher
Legislator Joseph Caracappa
Legislator Allan Binder
Legislator Brian Foley

ALSO IN ATTENDANCE:

Mea Knapp - Counsel to the Legislature
Jim Spero - Director of Budget Review Office
Allen Fung - Budget Review Office
Ben Zwirn - County Exec's Office

Ilona Julius - Deputy Clerk of the Legislature

Bill Faulke - Aide to P.O. Caracappa

Penny LaValle - Director of Real Property

Carol Makrides - Civil Service

Edward Romaine - Suffolk County Clerk

John Ebeling - Information Services

Raymond Gontasz - Information Services

Martin Haley - Treasurer's Office

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(* THE MEETING WAS CALLED TO ORDER 9:45 A.M. *)

CHAIRMAN ALDEN:

Good morning, and welcome to the Capital Budget Hearing. And this is combined Consumer, Ways and Means and Budget. So we will start with the Pledge and have that led by Legislator Montano.

SALUTATION

CHAIRMAN ALDEN:

Because this is an official meeting, I'm just going to ask for a moment of silence for any of the recent casualties -- for all the casualties we have had as you add them up as we approach Memorial Day. It's kind of a sad time for America. But it's something we have to do, we have to honor those who have provided us with the freedom we enjoy today. So I would just ask for a moment of silence.

MOMENT OF SILENCE

CHAIRMAN ALDEN:

Thank you. Okay. We have a couple of cards. Carol, I apologize for mispronouncing last name, Makrides. Come on up. I'm sorry, this is also the Ad Hoc Committee on Mandate Relief. I was going to turn to Legislator Caracciolo afterwards and just bring him up. I'm sorry, Carol, come

up. We're all settled in now, so. Pull the microphone right next to you.

MS. MAKRIDES:

Good morning. I'm Carol Makrides from Information Services. And I'd like to talk about the Capital Project we have for the fiber backbone. The funding for the project was lowered to 250 for 2005, nothing for 2006 and funding was appropriated for 2007.

LEG. LINDSAY:

Do you know the number of the project?

MS. MAKRIDES:

I'm sorry, the number is 1794, Project Number 1794, fiber optic backbone. And I would just like to request that more monies be appropriated in 2005, at least \$300,000, for projects that we have scheduled. One of the major ones would be a redundant loop of fiber optic in the Yaphank site, which is a very important site because of police headquarters, certainly. So it would give redundancy of the fiber that we have there now.

In case one side is broken, a redundant loop would allow it to go around the other way. And another very important reason is because John -- the skilled nursing home there would be a bioterrorism site for the Health Department. So in the event that we had a problem, we would want to make sure there's enough redundancy so that they wouldn't lose wide area network connectivity. There's also some other improvements. Certainly we need money for a new jail that going to be built, to connect it by fiber to the juvenile detention center. So all these various projects -- plus another one that's a very important project would be a disaster recovery site at the 3rd Precinct. I would like to have fiber connectivity to it because that would be the disaster recovery site for not only Information Services Building 50, but for Health Services' major site at Rabro Drive and also for police headquarters. So with all these scheduled things, I just think 250,000 in 2005 and nothing in 2006 is really not enough.

CHAIRMAN ALDEN:

The fiber optic that you are actually advocating for, that's above the ground?

MS. MAKRIDES:

No. No. I'm sorry. That's dug underground in conduit, and it is actually for data, transmission of data. And it's more secure that way underground.

CHAIRMAN ALDEN:

How much would --

MS. MAKRIDES:

Right now most of our network is on frame relay circuits and we rely on Verizon to accommodate us for that. But the fiber optic is something that we actually have vendors dig conduit and supply us.

CHAIRMAN ALDEN:

so How many miles and approximately what would you be asking for in increase?

MS. MAKRIDES:

How many miles in Yaphank?

CHAIRMAN ALDEN:

For the whole -- for everything you just advocated for.

MS. MAKRIDES:

Specifically, I'm not really sure number about of miles. I'm going to say it's probably 15 miles for the 3rd Precinct. And Yaphank, a redundant loop would probably be a couple of miles.

CHAIRMAN ALDEN:

So you are asking for how much of an --

MS. MAKRIDES:

Three hundred thousand in 2005, but I would need also 100,000 in 2006.

CHAIRMAN ALDEN:

And you've taken into consideration that the children's detention center isn't going to be built until future years, right.

MS. MAKRIDES:

The juvenile detention center, yes, but we still want -- we're trying to connect that area as well.

CHAIRMAN ALDEN:

Okay.

MS. MAKRIDES:

If we just connected the minimum security jail down there and then part of the digging would be around to the other building down there as well.

CHAIRMAN ALDEN:

Anybody have any other questions? Legislator Mystal.

LEG. MYSTAL:

Allen, how critical is the fiber optics right now? I know we're using frame relay right now, how critical is it that we put fiber optics for what she is asking?

MR. FUNG:

I think IS has made a significant point, that it is required.

LEG. MYSTAL:

Okay.

CHAIRMAN ALDEN:

Anybody else?

LEG. BISHOP:

Yes. Anything in here to make the district office computers work, since they don't?

MS. MAKRIDES:

Specifically your district office?

CHAIRMAN ALDEN:

No. All of them. You can't just say one specific office.

LEG. MYSTAL:

Mine too.

LEG. BISHOP:

It works sporadically. The Outlook is very hit or miss. So there is -- would this be the time to address it, that's really what I want to know?

MS. MAKRIDES:

Well, I would be happy to address it. I think most of you --

LEG. BISHOP:

No. I mean, in this budget, in this Capital Budget. Is it a Capital Budget issue or an Operating Budget issue?

CHAIRMAN ALDEN:

Sometimes you need a crystal ball to see where Dave is going.

MS. MAKRIDES:

That's an Operating Budget issue. And we would have to connect you by a frame relay, which currently, most of you have cable modems, which aren't maybe the most reliable. But also adding another site for four people costs us like \$21,000 a year, 21 to \$25,000 a year. We've suggested that, you know, a working and steering committee can approve.

LEG. BISHOP:

So the only -- the most efficient solution, in other words, the most cost effective solution is to invest at least \$20,000 into every district office to obtain the reliability that we're all seeking?

MS. MAKRIDES:

That's exactly right.

LEG. BISHOP:

And that's because we're connected to each other? Because I can go home -- you know, I get Optimum Online for --

MS. MAKRIDES:

Sixty dollars a month, right. In order to get a T-1 frame relay circuit, it's \$700 a month. Plus the cost of the router and the switch and the maintenance and the cost to have it configured and installed. The ongoing cost for a new site on a frame relay circuit is \$20,000 a year, incorporating all of these costs; the lease of the equipment, the maintenance of the equipment, the monitoring and also the cost of the circuit.

LEG. BISHOP:

Now, it's the frame relay that -- is that the interconnection between the --

MS. MAKRIDES:

Yes. Exactly. But that's only one part of it. But that's a \$700 a month charge. But then you have the monitoring and the maintenance, which is 24 by 7. So, I mean, if we can justify the expense, certainly we would be more than happy to do it, but for four people it's really hard to justify that expense. Usually we go with a cable modem or dial-up.

LEG. BISHOP:

Except that the essence of our job is communication and information and we're constantly hamstrung by it. But the reason -- what I -- from my base of great ignorance, what I don't understand is that if we just all independently went out and obtained a cable modem service, right, it wouldn't cost us \$20,000 each. And what would we lose that way?

MS. MAKRIDES:

No. Well, that's because you are only paying the charge of the cable modem service. That serves as your frame relay circuit, but they charge you \$60 a month to connect to their cable. Frame relay circuit charge for a T1 circuit which gives you more banwick that you are getting from your cable modem is \$700 a month. That's what Verizon charges us. And then you have to incorporate the cost of installing the router, configuring the router and the monitoring and maintenance of the router, and we lease those routers and the switch so that everybody's computer can plug into a switch. That's also a leased piece of equipment. So it's an ongoing cost for the lease, the frame relay circuit and the monitoring maintenance. And for a small site, it's close to 21, \$22,000 a year.

LEG. BISHOP:

And so it would be the same thing if we all went out, 18 of us independently, and obtained, you know, internet service, it would cost that much?

MS. MAKRIDES:

You have to with your cable modem. Is the problem that your cable modem has not been reliable or...

LEG. BISHOP:

What is your problem, Elie? Elie understands this. It doesn't work, that's all I can say.

LEG. MYSTAL:

To answer your question though, unless we want to invest some money to upgrade all 18 offices -- what we don't want to do is to -- we don't want to spend the money. And I think Allen has been advocating giving him some money to upgrade all the offices and we've been resisting that. And the T-1 that she is talking about, if we want to go that route, it's going to cost a lot of money. But it also would service what we want. Our predicament that some of us are in, you and I have the biggest problem because we're at the end of the whole thing, that's what we have. And, you know, Allen can answer you in terms of, you know -- go ahead, Allen, because you know exactly what I'm talking about. Explain to them.

MR. FUNG:

The Legislature currently has cable modems in every district office. And the cable modem is shared by four users. We pay approximately \$60 a month. The alternative is a T-1 line, which will be approximately \$1000 a month. The service through the cable modem a little bit less reliable because there are a bunch of other issues. For example, the district offices are also coming through the cable modem back into our system to retrieve files. To do that, they have to come through the fire wall, a specific tunnel has to be opened in the fire wall for them to come in. That's also a security risk.

The alternative is that the problems we have with the Outlook we can overcome, because we have an alternative way of accessing the e-mail in the district office in the event that the regular method doesn't work. And that alternative means the district office haven't really -- they haven't really liked to apply Plan B in case the first method doesn't work. But we have alternatives if the first approach does not work. The difference is a huge difference in price and cost. And the difference 212,000, I believe, per year for 18 district office, plus additional expenses versus what we currently pay, which is approximately, I would say, 13,000 a year.

LEG. BISHOP:

I don't have a problem. All right. Thank you.

CHAIRMAN ALDEN:

Any other questions for Carol? Okay. Thank you, Carol.

MS. MAKRIDES:

Thank you.

CHAIRMAN ALDEN:

Okay. John Ebeling.

MR. EBELING:

John Ebeling, also with Information Services. Had I spoken first, I would have drawn attention to two Capital Projects that we would like to discuss; one is 1794, the fiber optic backbone, which Carol just addressed; the other is 1792, replacement of the Riverhead site clusters. I've asked Carol to stay there. If there are specific questions, I'd ask her to answer them. We had requested \$140,000 in 2005 to replace these servers. The Executive Office recommended that it be moved to 2006. Budget Review did ask to put the money back in 2005. I would like to say thank you for the Budget Review Office for recommending that the funding be placed back in 2005. These servers are about seven years old. They are at the end of their life cycle. They absolutely have to be replaced. The servers out in Riverhead were originally in the Hauppauge facility in Building 50, were replaced many, many years. We really ask very much that this money be put back in 2005. It is imperative that these servers be replaced. If you do have any specific questions, I'd ask Carol to answer them. Thank you.

CHAIRMAN ALDEN:

Any specific questions? Once again, Carol, thanks.

MS. MAKRIDES:

You are welcome. Thank you.

CHAIRMAN ALDEN:

Raymond Gontasz.

MR. GONTASZ:

Good morning. My name is Raymond Gontasz also from Information Services. I just have two Capital Projects in next year's budget, which is 1782 and 1791. Both of the them have been approved by the Budget Office and from BRO. I just was wondering whether anybody had any questions.

LEG. O'LEARY:

Can we have an overview of the project, please?

MR. GONTASZ:

1782 is migrating the county -- the College's accounting system to reflect the same release level that the County will be on this year. And 1791 is to migrate the Treasurer's tax history system, which is on a unique piece of hardware maintained by a single individual, and we just want to make it compliant with the rest of the County's environment. As I said, BRO has recommended that they approve it. I just wondering whether anybody had any questions.

LEG. MYSTAL:

Question for you. What kind of software system that they're using in the Treasurer's Office?

MR. GONTASZ:

It's AIX and Oracle. We would like to migrate it to the Windows environment, which all our other Oracle applications reside on.

LEG. MYSTAL:

Isn't everybody using Windows application in Oracle right now in the county? Is everybody else using Oracle in the Windows environment in the County?

MR. GONTASZ:

Yes. All other obligations including the County's accounting system is on Windows and Oracle. Right now, we have a single individual who's knowledgeable in AIX and that makes us very susceptible to a problem.

LEG. MYSTAL:

If he quits or retires, you are in deep trouble.

MR. GONTASZ:

We're in deep trouble. I mean, we have a deep bench of technical people who report to Carol who are knowledgeable in Windows. We have one single individual who is still responsible for this AIX environment, and we want to eliminate that critical nature.

CHAIRMAN ALDEN:

Any other questions or comments? Okay.

MR. GONTASZ:

Thank you.

CHAIRMAN ALDEN:

Thanks a lot. Penny LaValle.

MS. LAVALLE:

Good morning, Mr. Chairman, Legislators. My name is Penny LaValle, and I'm the Director of Suffolk County Real Property Tax Service Agency. I'm here in reference to 1758, which is on Page 121 of your booklet. The -- just one correction. Underneath BRO ranking, the total estimated cost, this includes our first Capital Project of the Year 2000, the actual project cost approved was \$982,600, and that's -- that with the request today of 1.2 million, totals one million -- I'm sorry, \$2,192,600. So I didn't want you to think I was getting more than I'm really getting.

My comment today is the time period BRO has recommended, from what I read, the -- what we're trying to do is to create a standardized tax map by converting our current software mapping program into one that is used by many County agencies. Right now when we have a tax map created for someone in the County to use, it requires a great deal of conversion. That's one issue. And also converting it to bringing us up into the realm of more current technology, which is converting our system, which is in a state plane from 1927 to what they call a NAD 83, which is a more current plane.

So my only comment is that -- actually three points that maybe you can bring to mind when you thing of Real Property and perhaps bringing it more current instead of putting it off to the Year 2007. We would be saving time and labor across the County for conversion -- converting our tax maps. It also effects revenues. And you approved, passed, last year a revenue plan where we do -- we'll be charging on the internet for access to information. And also we'd be providing the tax maps in real time and protecting the integrity of the -- what you see in terms of a tax map. Conversion, as many of you know for your personal experience, perhaps in converting a Word document or Word Perfect document into Word document, there's always something that has to be done to make it as you have originally intended. That's my comments. Questions?

CHAIRMAN ALDEN:

Legislator Mystal.

MS. LAVALLE:

Good morning.

LEG. MYSTAL:

Good morning, sugar. Are we using proprietary software in all the sytems?

MS. LAVALLE:

Our system is not that -- we are using Oracle. We have an Oracle data base for our AREIS, which is all the ownership information that's attached to a parcel. The Real Property started working on computerized tax maps in the '80s, and it took a great deal of time to -- at least ten years, to convert all of our parcels from mylar sheets to a computer system. That computer system is known as a CAD System, it's a Computer Assisted Drawing. But the software is Intergraph and {Bentley}. And my mappers like to call it precision mapping, but it's not a friendly GIS environment. And that's what you really want in the County.

LEG. MYSTAL:

You can use CAD with Arc View or anything of the sort.

MS. LAVALLE:

Well, it's the conversion process. Right now we have friends, Suffolk County Water Authority, who also use our tax maps, who are very helpful, that takes them approximately six months to convert the parcels for their use into an ESRI product that you mentioned. There's various viewers that IS has creatively employed to view the maps. But we want everyone to be able to -- the concept here is that we are the keystone of the County, we are the tax map.

And what I'd like to do is have us as your -- the base of your data warehouse, and then your Social Services, your Health Department, if they want to go in and attach a piece of information to our tax maps, they can go into the data warehouse, and that becomes their information, and they can use our tax maps. I really don't care -- I do care, but I don't care what they do with it. But I want to be able to provide them with this base and a base of integrity. And that -- the Board of Elections can use it, the Planning Board.

You have your official tax -- official County map, official map of the County -- forget the nomenclature -- due in December of 2006, and you have to -- that's in one of your articles, I don't remember what this is -- but you have to have defined all of the tax map roads and also

the center lines. And that would be a helpful program for them, I believe that our tax maps were in, and the intention was to convert them to an ESRI Software.

LEG. MYSTAL:

What I'm looking for is something that could last the next ten years in terms of software and hardware to do what you have to do. Software evolves every other year or every year, you know, in your thing. So whatever we're doing, we need to do something that's going to last ten years so we don't have to replace it and run into the same problem where only one or two persons know the system, and that if that person retires or leaves the County, then we're in deep trouble. That's what I was talking about instead of using proprietary software.

MS. LAVALLE:

Really nothing that we're using is as proprietary as some programs out there. It's just a software program -- it's used by many people. But it's for -- it's really for precision mapping. You know, I think we want to go -- we want to be able to have a level of integrity, but we also want to be able to service the County in an appropriate manner.

LEG. MYSTAL:

Thank you.

CHAIRMAN ALDEN:

This upgrade on its own is going to generate income?

MS. LAVALLE:

I believe so. I believe so. And continued services in reduced -- part of the phase is to intergrade our information with assessing jurisdictions. And there is a plan whereby sending the information that we are collecting from 5217 to the state, it's minimal, but there's revenues that come back from that. We're trying to get more. I've described this program many times before. And we do have the \$2500 licensing fee that you passed last year and the \$5000 licensing fee. We need to help make that go forward now that you have approved it.

CHAIRMAN ALDEN:

So by doing this upgrade, we're going to provide, I guess, an environment where you can go out and sell that service?

MS. LAVALLE:

I'm going to try to do -- I'll be honest with you. I'm going to try to do it with or without this project, because I believe in moving forward. And, you know, I'll bend over backwards to try to get things on the intranet for you as well as the internet. But this will provide a standard, and we're all looking for standards from the County, in terms of everyone having the same information; that the County has the same information, that the assessors have the same information, that the state has the same information.

It affects your equalization rates, it affects -- because that's what -- the information that we collect, the state uses to provide either appraisals for the commercial properties or a calculation of residential values. That affects -- the equalization rates, as you all see, are dropping tremendously. You feel that in any -- I mean, some of them are very close to 1%, under 1%. So there's always a challenge. And they challenge the sales that are used in preparation of those equalization rates. Generating revenue, there's great concepts of providing information to people on-line with more forms that they could fill out and add to the flow or streamline the process for citizens, but charge them a convenience fee.

CHAIRMAN ALDEN:

Any other questions or comments from the committee? Thank you very much.

MS. LAVALLE:

Thank you.

CHAIRMAN ALDEN:

I apologize to the next speaker. His name is a little unfamiliar. Haley or -- something or other with an H or an M, Malcolm Forbes Haley.

MR. HALEY:

Thank you, Legislator Alden. I came to speak again on the County Seat renovation. But I want to make a comment after listening to Ms. LaValle. There's all an awful lot of information that actually centers on the information that she has out of her department. Tax mapping and the overlays that the County hopes to provide in the future, depend on the accuracy of not only her system, but to make sure that that system is up-to-date on a regular basis. And that's part of -- it's not a system that lasts ten years. It's a system that has to constantly be updated in order that all the other entities will eventually be able overlay and provide information. The whole point being is if we decide to get into the 21st Century, you would hope to be able to point at a

tax map and be able to tell all the things that are going on, not only in the County as it relates to the Health Department, the Clerk's Office, by even the towns; the water authorities, environmental considerations. All of that will eventually be overlayed on the tax map information.

I think that we're still stuck in the 20th Century, and in order to get to the 21st Century, there has to be some leadership either at the Legislative level or on the County Executive level to pull all of this together. There's an awful lot of people that work in IT, but they all seem -- nobody has ownership per say other than their own particular situation. You need somebody to oversee and pull all this together so we come into the 21st Century. I liken it to the problem that we've talked about in the past with bringing back, centralizing some of our services back to general services. I think this is a perfect example why we should provide someone, for lack of a better expression, an IT guru who is going to oversee and try to get us into the 21st Century. I think that's important.

Getting back to the County Seat, and I want to refer to it as the County Seat. It is very much an asset for this County. There's over 300 employees that work out there. And unfortunately, we do not work in great conditions. I will -- I want to reiterate that maintenance is unbelievable how they've managed to keep everything together in that building that was built in 1958. But it is very difficult. I have seen temperature of 20 degrees during the day trying to work there. So the working environment for our employees is sub par. The environment by which our constituents visit the County Center, and there's a lot that come in every day, is below par.

I've said it all in my statement to the full Legislature. When we talk about costs to the County Center, we've already expended quite a sum of money for the planning process. But I think when you look beyond the renovation, and you look at the savings that is going to take place, I don't if anyone's done the know analysis, but the cost to main that building now from a utility perspective is exorbitant. And I'm sure the savings alone may go a long way in offsetting the debt load in that particular instance.

The air conditioning system is barely working. The electrical, I go in my office, I leave at five o'clock in the afternoon -- and yes, I stay to five -- I leave at five o'clock in the afternoon, every light in the building is on because there's no light switches. Now, electrically it's up-to-date, because fortunately the supervisor of that building is a licensed electrician and everything is safe. But we leave that building running until a maintenance person or a custodian after hours

comes and shuts a circuit breaker off, having light switches. Remember that this building was built with all open spaces, open floor plans. So every time they drop the wall in, my office -- two to four walls in my office are metal, and I have one large grate that puts all of the heat and/or air conditioning into my room. And yet the outside office doesn't get the benefit of that. That type of situation is profound throughout the entire building. I think, and I refer to ergonomics, the ability for employees to do an efficient job has a lot of do with their working environment, and there is really no effective working environment in the County at all.

One the things I find very interesting, I look at security, and I'm a little concerned about security, because I don't think it's that secure. To this date, I've fail to get my own County ID, but I'm sure if I had to, I could get into that building any time. I know under the renovation there's consideration of security. And, you know, I think sometimes we don't think about it, but I think it's very important to give consideration to security. ADA requirements, someone who is handicapped wants to pay their taxes. Should they come in a wheelchair and have cash in their hands, we end up sending two individuals, because when you're dealing with cash we always have two people, that's how we verify, you know, cash transactions, we would have to send two people downstairs.

Now, I only have two cashiers working. So what happens is we have to drag someone over from accounting to kind of watch the cashier windows while we send two cashiers to go downstairs, walk down the escalator that doesn't work, which is not safe, because you know how stairways are supposed to be eight inches in height and that starts to reduce as you go down, I'm surprised no one's broken their neck -- we have to send two cashiers down to accept, come back up, run a receipt, run back down, because security doesn't really have the wherewithal, and they shouldn't have to, take this person all the way down passed the Legislature, around County Executive, all the way over to where the Health Department to get them on an elevator, which I don't know if you have looked at that elevator, I don't know that I would get on that elevator, to be quite honest, then bring that person all the way back up. That's not the function of our security personnel.

We've spent a lot of money. There are utility costs that we save, there's extended savings. And one of the biggest things that we're going to provide over there is child care. And I think that goes a long way. Quality of -- quality of work by the many people that work in this County comes by not having to worry about dealing with your children on a day-to-day basis. I'm sure if we were to measure, we would find a lot of parents both working or single parents working for

us, and to be able to provide child care in our County Seat, I think goes a long way. I think when you measure all of it, including the fact that we know interest rates are going to go up, I would suggest now is the time to borrow. I think it goes along in providing a center that all of us could be proud of, especially yourselves when you -- for the few times you do come out. Thank you.

CHAIRMAN ALDEN:

Except for that last little dig, I found that to be a slick well polished presentation, but I noticed you had to slip that in there, Mr. Haley. But another thing, a little theme, that ran through this. While you mentioned the employees all the time, it always came back to Marty Haley's office, Marty Haley's office and your sense of security.

MR. HALEY:

I haven't had the opportunity to be frisked by security. I haven't had the opportunity to go into every office. I can only tell you my initial experience.

CHAIRMAN ALDEN:

I don't know if he said, how many times have you been frisked by security.

MR. HALEY:

None. I found a way to sneak in.

CHAIRMAN ALDEN:

I'm talking about on the way out. All right. Anybody have any questions of this witness? Bailiff, take him away.

MR. HALEY:

Thank you.

CHAIRMAN ALDEN:

Thanks, Marty. We have Mr. Romaine with us today. Ed, come on up.

MR. ROMAINE:

Ilona was kind enough to pass out a kind of project description. As County Clerk, I put together four -- actually six Capital Projects for 2005. The County Executive has recommended none of these for 2005. And the two most critical he has totally eliminated from the Capital Program, from my personal view. I understand that the Legislature, having sat there myself, has fiscal

concerns. And therefore, what I have done is prioritize them. And actually the two cheapest of the projects are the two that are most needed.

So let me start by talking about a data center whose cost is \$350,000. This project would involve the installation of raised floors to accommodate wiring associated with our computer equipment, new HVAC system, which the building does not have, security and lighting systems. It's also the County Clerk's Computer equipment, including servers, back-up equipment and optical jukebox. This was my number one request two years ago, it was my number one request last year, it is my number request again this year. We cannot continue to operate the type of sophisticated equipment we have by using IS's system. We are about to launch a subscription service, which is critical to our success. The Information Processing Steering Committee says the Clerk will be given sufficient space for his computers in the Riverhead Data Center as part of the renovation. I've been there 15 years, for 15 years they've told me they are renovating. About ten years ago, they said start packing, you are moving, we are starting the renovations.

It's impossible to run a subscription service without an intergrated system with the current IS data center. All the equipment in IS's data center in Riverhead is antiquated and has had several documented failures. This antiquated system -- center that IS runs threatens the very integrity of the County's vital records. IS has a redundant system, that's true, but currently it's inoperable. And although it's under repair, the threatened breakdown due to its age and lack of maintenance agreements, there are no maintenance agreements on this equipment, threatens our very record system.

If we go with a subscription service, it will further expose to the public something that is known to County Officials; that any additional burden on that center, that data center, will create a problem. I've asked a data center for the last three years. It has been my number one priority. It continues to be my number one priority. The cost is \$350,000. As I said, I have made six recommendations. The two cheapest are the ones I need.

CHAIRMAN ALDEN:

Anybody want to ask questions as we go along, or you want to just have the presentation done? Ed, do the whole thing.

MR. ROMAINE:

All right. My second priority, and if I was to say the only other one I would want -- need, absolutely need to fund, was a \$97,000 UNIX server. Our current server -- the Information Processing Steering Committee said that my needs can be met with the existing servers in the IS cluster, that's just not the case. We are projecting enormous growth because of the subscription service and because of the amount of images we're going to be maintaining on service. Due to this and the great demand placed on the existing cluster, we don't -- that exists in Riverhead, we don't think that that need can be met. We're asking for \$97,000 -- \$97,500 to buy a UNIX sever.

The existing cluster is outdated and has no maintenance agreement, something that's absolutely incredible to anyone that knows anything about computer equipment. While there is a proposal for a new cluster, even if adopted, this new cluster would not hold all of the County Clerk's data, but it will hold Real Property's data and the current e-mail system. Should either of these systems have to go down for maintenance, the entire County Clerk's system would also taken down. This is totally unacceptable if we're going to run a subscription service that's going to operate 24/7, which is what our proposal eventually will lead to. That's why we're asking for a UNIX server for \$97,500. So the two cheapest proposals are actually the proposals I really absolutely need if we're going to continue to function.

I'll be happy to go through the rest because -- the Optical Disk System the County has -- the County Executive has recommended delaying this fund -- the first two, by the way, he totally eliminated, the two most needed. The Operating Disk System, in which we're to going to do a work flow component project to tie in all the County Clerk's internal systems into one imaging system totally eliminating paper in the work flow component and preparing us for electronic recording, which we believe is the next step in the process statewide, that electronic recording will be accepted for deeds and particularly for mortgages, mortgage satisfaction and assignment. This has been delayed to 2006. All I would say is through need of economy it has to be delayed, I will accept that delay, but it definitely needs to be funded in 2006.

The enterprise process data model. This project has been delayed to 2007. Actually I think it should have been delayed until 2006, not 2007. I want to at a talk about the Information Processing Steering Committee. It recommends, as the BRO does, that this project be delayed until 2007 and should commence only after the GIS study has been completed. The Information Processing Steering Committee states that the County wide consolidation of data format falls under the purview of Information Services and should be done by IS. I don't disagree, except

I've been here 18 years as an elected official, I've never seen IS propose this. Someone has to step up to the plate and propose this.

First this recommendation, I want to talk about because I think it's very important. This recommendation should commence -- should not commence after the GIS System is in place. Currently, as you know, there is no funding for the GIS study. Moreover, the GIS project would be for the internal use as it relates to other departments. This model, the enterprise process data model, is designed to achieve synergies among data bases and offer a very powerful tool for the general public to utilize. So while the GIS is for us internally, this is for the general public to access the records. And it, one, is certainly not dependant on the other. And I would disagree completely with BRO and the Information Processing Steering Committee on that situation.

It's also an opportunity for the County to realize a tremendous amount of additional revenues by optimizing our revenue base and consolidating the redundancies we currently have amongst our various data systems in the County. They recommended delaying it to 2007, I certainly think it should be on the agenda for 2006, and I think there should be a full debate about an enterprise data model. And I think that -- I have no problem with IS implementing it, but they have never advocated for it. That's why I've included it.

The unified land record system. This project has been delayed to subsequent years. I think this should be funded in 2006 or 2007. This would combine all the County Clerk data, all of Real Property data and all of the Treasury data into one data system. It is not dependant on the GIS study. This project when complete would serve -- the GIS project is a totally different project. It would serve as a directory of existing data bases. This project, on the other hand, would consolidate three data bases; Treasurer, Real Property and County Clerk into one data base. It would eliminate redundancies, it would consolidate services, it would create a more efficient data system for this County and an economy of scale.

And I'm surprised that IS or the Processing Committee or BRO isn't advocating this with greater force, because this is where you gain a savings, this is where you create the type of thing that this -- the direction that this County should be moving in. I may not be in office when this happens, but I'm going to stand here an advocate for these things now. As you know, I'm term-limited, and I probably won't see many of these things come to fruition, at least as County Clerk, but I believe they are the right things for this County to be doing in terms of its information

technology advances.

And the last one was to digitize our records, some of our historic records, for \$40,000. And this project was put off to 2007. It's a very small project that's not necessary. It would be nice, but I understand the fiscal constraints. I just would sum up by saying the first two project are absolutely necessary, they're very inexpensive. The other projects I think are the direction the County should be taken in terms of its IT functions. I'd be happy to answer any questions you have.

CHAIRMAN ALDEN:

Any comments or questions from the committee? Legislator Mystal.

LEG. MYSTAL:

Mr. Romaine, of your six projects, it seems that, you know, you are in -- you are knocking head with BRO. Every one of these -- most of these project have been, you know, said -- BRO said you don't need them.

MR. ROMAINE:

I don't know BRO said that, I think the Information Processing Steering Committee said that.

LEG. MYSTAL:

BRO agree with IPSC saying that that should be delayed, you know.

MR. ROMAINE:

Or they gave excuses that don't hold up under a critical examination, and that's what I'm here to do, to focus some critical examination into them. For example, the -- my number one request two years ago, last year and this year had been the data center. That is absolutely crucial. And we're being told, oh, no, it will be done when they renovate the County Center. First of all, not -- one, not only have the renovations been postponed, but two, when you look at the plans for County Center, there is no separate data center for the County Clerk. And then you look at the data center that IS runs now. First of all, all of your environmental equipment, that's the air conditioner that's keeps everything cool, is antiquated and has had several breakdowns and threatens to undermined everything. There are no maintenance agreements on some of the servers there. And then you wonder, because we're about to take a giant leap if we go with is subscription service, where we will have commercial customers paying us that expect service.

We are in no way prepared to do that with the type of antiquated equipment that exists now. That's why this remains my number one priority at \$350,000.

LEG. MYSTAL:

In project number two, we heard earlier from IS, and they were saying that the server out in Riverhead is antiquated. BRO, are we talking about the same server that Mr. Romaine is talking about?

MR. FUNG:

IS is replacing the cluster machines with new machines. I think Mr. Romaine is talking about his own cluster server. The cluster server in Riverhead, according to IS, will also support departments such as Real Property and the Clerk. And the Oracle data base from the Real Property Tax Service is supposed to be hosted on the Riverhead cluster server of IS.

MR. ROMAINE:

Could I ask a question? Is the existing cluster without a maintenance agreement currently?

MR. FUNG:

As far as I know, IS has indicated that it's beyond it's useful life, that's why we have recommended for it to be replaced.

MR. ROMAINE:

So it has no maintenance agreement currently.

LEG. MYSTAL:

Mr. Romaine, I'm asking if your are asking for your own cluster or are you --

MR. ROMAINE:

We're not asking for a cluster, we're asking for a UNIX server to -- to help us when we move to the subscription service, because we feel the current IS cluster will not be sufficient, has been subject to numerous breakdowns ans has no maintenance agreement on it. This is \$97,500 expense. I don't believe it's out of the ordinary.

LEG. MYSTAL:

Two more questions. On project number four, at the end of the project, you said you

recommended that the project be in the 2005 budget, but in your speech you said 2006.

MR. ROMAIN:

I'm sorry. 2006 would be fine, because I understand, having sat there, that you have financial decisions to make. I try to make the decisions. You could put in 2006 there, because I understand that this year may be a tough year for the County. Personally, I have a whole different approach, but I don't want to get into that. I would bond. I would have bonded three months when the interest rates were low and done many of the things that this County has been waiting to do, waiting to do, waiting to do and never gets around to doing it. Because when the interest rates are low, it's the time to do it. And most Capital Projects, as economists will tell you, most Capital Projects will see an immediate impact to the local economy because they involve local workers. And it would have been the time to do it -- now the rates are rising, unfortunately, but three or four months ago we should have put forward a major program to undertake many of the things that we know are needed, but never found the ability to do.

LEG. MYSTAL:

Last question. Your land -- unified land records system is tied to your UNIX server. In other words, if you don't get the UNIX server, which is \$225,000 in project number four, then project number five doesn't fly, is that basically the idea?

MR. ROMAIN:

The UNIX server is project number two. Project number four is the enterprise model --

LEG. MYSTAL:

So in other words if number four --

MR. ROMAIN:

Four is connected to five, yes.

LEG. MYSTAL:

Which is it, is it four connected to five or five connected to four?

MR. ROMAIN:

Four is connected to five. Five would be the optimum where you would take all of my data bases, take all the Treasurer's data bases and you take of Real Property's data bases and you

share them, you develop a common data base, you eliminate the redundancies, you improve efficiencies and you achieve an economy of scale in terms of IT operations in this County.

LEG. MYSTAL:

Yeah, but if you don't have four, you cannot have five.

MR. ROMAIN:

It's difficult to have that, yes. I've asked those -- I haven't asked this body to make a decision on that for the 2005 year, because I understand the fiscal constraints.

LEG. MYSTAL:

Thank you.

CHAIRMAN ALDEN:

Thank you. Any other questions or comments? I'm going to turn to Budget Review then and we'll start this process. Ed, if you can stay there for a minute. Let's go other Mr. Romaine's proposals, and maybe we can take them, you know, go right through them in numerical order. So number one, the data center. You recommend against it? I'm sorry, did you get a copy just so we are all looking at the same thing?

MR. FUNG:

It's more an issue of centralization versus distributive process in here. The Budget Review Office is looking at economies of scale. Technically, the Clerk needs own data center, the Treasurer probably would need their own data center, and Real Property. You have three data centers, including IS's maybe four. That's why we looked at it that since IS already had the data center in Riverhead providing space for all of these departments, and given the fact that the facility is going to be renovated, we recommended that based on economies of scale, the data center should continue the way it was with space provided for the Clerk in there as the best solution of all.

MR. ROMAIN:

Can I just respond to that? I would say about 90% of the data in that data center is County Clerk records. I would further say that I've made this my number one priority because the data center in Riverhead is so inadequate that unless I take the bull by the horns and move forward, I will not be able to support my own data. We are living with a system that -- where you are

lacking maintenance agreements, not only on the cluster, but on the environmental equipment, that the environmental equipment has had numerous failures, that we've had to shut down records, that people come out, drive out from Amityville, for example, to take a look at our records, can't go on the computers because the computers are down that day. I mean, this is an unacceptable situation.

Now, whether IS or the Information Processing Steering Committee or the County Executive in the past or the current or the Legislature, it doesn't matter, the end result is I need a data center that's going to serve us well, that we have the ability and staff in-house to maintain, to fund and to ensure that our data is protected and we don't have down times and failures.

CHAIRMAN ALDEN:

Given that argument, doesn't it make sense that if 90% of the data that's in there, wouldn't this be a higher priority then? Because here's what happens, that data coming out of the Clerk's Office is used to generate a ton of cash, a huge amount of sales basically, whether it be people wanting to buy our services, I know there's some future programs that should be coming online, or even right now. Most of the money that comes into the County seems to come in through the Clerk's Office. Wouldn't that be a persuasive argument to actually switch the thinking instead of trying to go going into -- have his data center fit into, you know, a County data center when he's 90% of it, wouldn't it make sense to do this first and maybe fit the rest into, a media, you know, center that he's doing here?

MR. ROMAIN:

I would be more amenable to -- if we built a data center in Riverhead that we would set aside additional space that IS could move in once they upgraded their equipment and once Riverhead began to be renovated. But the County Exec's people tell me they have postponed indefinitely the decision to renovate Riverhead. I'm not here to argue for or against that, I'm just here to deal with the realities that I have to face in operating a major department in this County.

CHAIRMAN ALDEN:

it starts to trouble me that if our Clerk's Office is going to -- if there's any possibility of it going down, and right now the testimony that we have just heard is that we don't have the equipment, it's so antiquated that we can't get a service contract on it basically. You know, like, so what type of, you know, like assurance do we have? I asked the question.

MR. FUNG:

The current data center is controlled by IS, who is central to the departments in the County. In the opposite situation, the Clerk will control the data center in terms of other departments. Who will be in charge? The Clerk will be given space. Then the situation is that \$350,000 does not take into consideration all the other departments that will participate in this data center.

CHAIRMAN ALDEN:

We also have a budget for all that other stuff. So, you know, that to me is secondary. There's already a budget to upgrade the County-wide information center as you, you know, want to term it. It makes perfect sense to me that is this is 90% of the data, why wouldn't this be, you know, like, the primary media center or data storage center?

MR. FUNG:

Because IS -- IS has been in charge of data centers from the get go.

CHAIRMAN ALDEN:

Well, that's a turf war argument, so I don't know if I buy that.

LEG. LOSQUADRO:

Mr. Chairman, if I can point out on that same thought, Project 1789 and Project 1792 are both for cluster replacements, one for Riverhead and one for Hauppauge, both talking about how antiquated they are, they've reached the end of their life expectancy, they're out of warranty, that we have to do this right away, and you and Budget Review agree with this completely. And if we're sitting here talking about percentages of usage of data storage, why are we recommending the replacement of these and not upgrading the system where the majority of our data is stored?

MR. FUNG:

We are talking about two different things. The cluster servers are machines. We are talking about here the data center, which is the facility.

LEG. LOSQUADRO:

I understand, but we're still talking about outdated equipment which cannot handle the capacity and is at the end of its useful life expectancy. I don't see that we're saying that these cluster servers are out of date, they must be replaced and yet --

CHAIRMAN ALDEN:

And I'm going to add on to that argument, because it was very important for us to upgrade the police, their media center, and I went and saw it and, you know, like, the old one, I guess, was antiquated and everything else, and the new one has nice floors where all the wires can go underneath and everything, so that was a high priority. And I find that we do things in the County as far as back-ups with generators, which I think is totally off the wall. We'll go out and buy four or five generators that back each other up at a million bucks a pop, we don't really care about that or we don't even care about, you know, like, linking the systems over in Yaphank, but here where most of the money coming into the County through the Clerk's Office which is hundreds of millions of dollars, we're not willing to spend \$350,000 for a data center. I find that - you know, that's incredible, really, if that's 90%. I'll yield to Legislator Mystal.

LEG. MYSTAL:

I think, you know -- to clarify something, I think what we're talking about is basically IS, which is our Information System, is responsible for collecting information. If we were to give the Clerk's Office -- basically we would be shifting the function of the Information System to the Clerk's Office and all other departments would be dependant of the Clerk's Office.

CHAIRMAN ALDEN:

I'm not even advocating that. I'm just saying that I could point out, you know, an argument that would be a very good argument that if 90% of the data is going -- generated from the Clerk's Office, why are we going to do going into the -- why are we going the other way? Let's build him a media center. I mean, this just seems like not an unreasonable request to have a good secure modern than way to generate a ton of revenue.

MR. ROMAINE:

And this data would only be for the County Clerk.

LEG. MYSTAL:

I'm not disagreeing with you. I'm not disagreeing with you in terms of that. The point I'm disagreeing is what Mr. Romaine has said, that, you know, why don't we build a center for him and then have the other department come --

CHAIRMAN ALDEN:

He made an offer. We can take him up on it or we can tell him no, we'll build our own. But this just seems like so reasonable to me, I find it, you know, incredible that, you know, we're not

looking at it more seriously. Okay. Could we go onto number two, I guess, replacement of the production server. And BRO's comments on that.

MR. FUNG:

We recommended that the cluster server in Riverhead be replaced. Given that there is a cluster server which is a huge machine that can handle a lot of data storage, we said because of economies of scale that the Clerk can also use that. Budget Review being -- agreeing with the Steering Committee's recommendation.

CHAIRMAN ALDEN:

Now, again, that sort of sounds like a turf war argument, but Mr. Romaine, if you have a comment.

MR. ROMAINE:

First of all, let me just say right off the bat I understand that this sounds like a turf war and probable smells like a turf war and probably is a turf war, but from aspect it's not, because I'm term-limited and I will not be here to see most of these changes take place. I'm advocating this because it makes sense. The cluster that they are talking about is antiquated and out of date.

We're starting a subscription service if this Legislature approves the resolution within the next month or two. We don't have the ability to do that. Also, even if we get a new cluster server, it will serve Real Property as well as the County Clerk and the e-mail system. Occasionally that cluster server will have to be taken down for maintenance. When that does, the County Clerk's system goes down. With the subscription service where we're promising commercial customers 24/7 access, we think this is better hosted on A UNIX server for \$97,500. And that's why we've made this appeal for this server.

CHAIRMAN ALDEN:

Legislator Losquadro.

LEG. LOSQUADRO:

I'm just looking, and I'm assuming you are referring to one of the projects I had mentioned before, which was Capital Project 1792. And I'll just read from the scope and description of the project. It says the cluster hosts the e-mail function of all County departments of the Riverhead site and provides file server and printer support for the Department of Audit and Control. Lastly,

the Real Property Tax Service Agency's Oracle data base and applications also reside on this cluster. I see nothing about the Clerk's Office or the anticipation of the additional volume that would be brought on by this subscription service that we're looking to implement.

MR. FUNG:

The cluster server --

LEG. LOSQUADRO:

When we planned this project, I don't see that it was taken into account to include the capacity of the Clerk's Office in it based on how it's described here.

MR. FUNG:

The Steering Committee had recommended that this cluster server in Riverhead be used to house the Clerk's needs in term of a cluster server. A cluster server is a huge machine. The reason you have a cluster is that the machine does not go down because there are two servers involved that you can do servicing or even maintenance while the system continues to be up and running. The same issue -- whether the cluster services belongs to IS or to the Clerk, the same maintenance issues will exist. We just recommended that because of the huge investment in the cluster server for economies of scale, that it support all the departments, and it's able to support all the departments.

LEG. LOSQUADRO:

That's really my question. I understand you are telling me that -- you're telling us that it has the ability to support that capacity, but nowhere in the scope of the project, nowhere in Budget Review's evaluation does it ever mention the Clerk's Office anywhere in this project in the Riverhead cluster. So what you are saying is this project even though it was never mentioned in it, does have the capacity to service all the future needs of the Clerk's Office.

MR. FUNG:

The cluster server has enough capacity to support more than just one department in 1792.

LEG. LOSQUADRO:

That's not what I asked. I understand there are a lot of -- there are a lot of different departments already listed in here in the scope. I'm asking if the project as you have it defined here is able to handle the capacity of the Clerk's Office and future subscription system that they

would have?

MR. FUNG:

I believe so.

LEG. LOSQUADRO:

Okay. Thank you.

CHAIRMAN ALDEN:

Legislator Mystal.

LEG. MYSTAL:

Mr. Romaine, you mentioned that fact that if the cluster goes down, and I think Mr. Fung just answered you, by definition the cluster server means you have redundancy in the server, you have two of them. What happens if you have your UNIX system and it goes down because you only have one?

MR. ROMAINE:

Yes. We certainly would be linked to other servers. We do have a redundant system, we do have an emergency system that even if everything went down, we have an emergency system located in the Sheriff's Department so that we can function, and we have redundancy built into all of our records. That's the one key to our element. However, I'd like to ask a question of Mr. Fung. How much down time have the cluster servers, which by their definition should not have any down time, how much down time has the cluster server had over the last year, two years, five years?

MR. FUNG:

I don't have that information. IS probably has it.

MR. ROMAINE:

Has it had down time? You have discussed this meeting after meeting at the Information Processing Steering Committee. Has it had down time?

MR. FUNG:

I'm not sure. I don't know. I can't answer for IS, I'm sorry.

MR. ROMAIN:

Has the Budget Review done an analysis of the cluster system s to down time before they made their recommendations?

MR. FUNG:

No.

MR. ROMAIN:

Thank you.

LEG. MYSTAL:

I just wanted to answer Mr. Losquadro. I think the reason why BRO did not put the Clerk's Office in the -- in the overview of 1792 is because if you look at it, it was not in the Capital Project at all. The County Executive did not put that in the Capital Budget at all. So they didn't have to address that. It wasn't in the Capital Program at all.

LEG. LOSQUADRO:

But it's still a department. Mr. Chairman, if I may, it's still a department within County Government, and it should be taken into account when determining the scope of a project. If I may with Budget Review, it sounds like 1792 is quite critical, yet the County Executive has that pushed off until 2006, and I see here in your recommendation obviously you are going to push us to move that up to 2005; is that correct?

MR. FUNG:

Yes, that's what we recommended, to have it advanced to 2005.

LEG. LOSQUADRO:

Okay. And in that determination to have it moved up to 2005 was that because of substantial down time that the system has experienced?

MR. FUNG:

No. Only because IS asked for the replacement based on the fact that it has been used close to its useful life, we recommended that it should be replaced.

LEG. LOSQUADRO:

Thank you.

CHAIRMAN ALDEN:

Any other questions or comments? Thanks, Ed, for coming down.

MR. ROMAIN:

Thank you very much.

LEG. BISHOP:

Are you sponsoring anything for him?

CHAIRMAN ALDEN:

Yes. I'm going to for the committee, yes. I'm going to be bringing up a couple of things. Basically those two things he wanted, number one and number two. I'd also like to move up the Projects three through -- three through six as far as restoring them back into the 2005-2006 areas of the budget.

LEG. BISHOP:

I'm on board for the first two.

CHAIRMAN ALDEN:

I was going to bring them up in the committee, you know, if there's another meeting.

LEG. BISHOP:

I should go on the record. In prior years sometimes where there is consensus on the committee that's hearing the testimony, they say, we'll make a committee amendment to the Omnibus.

CHAIRMAN ALDEN:

I'm not sure, you know -- is there a consensus on that?

LEG. BISHOP:

Perhaps on the first two, the 300,00 --

CHAIRMAN ALDEN:

Number one and number two.

LEG. BISHOP:

And the 90,000.

CHAIRMAN ALDEN:

Is there a consensus.

LEG. MYSTAL:

I don't have any problem with those.

CHAIRMAN ALDEN:

I'm going to stand corrected by Legislator Bishop. And I would ask for an amendment to be made by the -- sponsored by the committee, this committee.

MR. SPERO:

That would be the Ways and Means Committee.

CHAIRMAN ALDEN:

Ways means, joint Budget, Finance situation.

MR. SPERO:

I'll put names of the Legislators here in attendance.

CHAIRMAN ALDEN:

Legislator Caracciolo, Nowick -- is everybody going to go with this? You have them on the record, right? O'Leary, yes?

LEG. O'LEARY:

Yes.

CHAIRMAN ALDEN:

To sponsor a resolution that would include projects number one and two for the Clerk's Office.

LEG. CARACCILOLO:

Yes.

CHAIRMAN ALDEN:

LEG. O'LEARY:

Yes.

CHAIRMAN ALDEN:

Legislator Montano.

LEG. MONTANO:

Yes. I'm not on the committee.

CHAIRMAN ALDEN:

Legislator Bishop indicated yes, Legislator Lindsay, yes, myself, Legislator Mystal is indicating yes and Legislator Losquadro is indicating yes. I can't speak for Legislator Crecca, he's stepped out of the room for just a minute.

LEG. MYSTAL:

Mr. Chair, are we going to try to draft some kind of Omnibus for the Capital Budget?

CHAIRMAN ALDEN:

Yes. I happened to stumble in on one of the meetings, so I know some of the meetings are going on. But is there anything else that Budget Review would like to point out this committee that hasn't been covered in some other committee's grounds? Because we have sort of like a catch all in two of the other jurisdictions that were provided to us today.

LEG. MYSTAL:

Jim. Mr. Spero, I know, you know, you guys, your plates are full right now and you have the Capital Budget and pretty soon you're going to have the Operating Budget. Is there any way you have time, and you can think about this, you know, if you have time to put together a white paper for the Legislators in terms of what's going on in IS? Because we've heard of a lot of things that people don't understand that nobody's talking about, about optic, servers and -- you know, is there any way you can -- your office could have the time to put -- so everybody could understand what this thing is?

CHAIRMAN ALDEN:

Here's a question that goes right along with what Legislator Mystal is saying, who's on that committee? Because it was referred to as a committee.

MR. FUNG:

The Steering Committee is made up of two representatives from the Legislature, one from the P.O.'s Office, one from Budget Review.

CHAIRMAN ALDEN:

Who are they?

MR. FUNG:

I am the representative from Budget Review, and I think Bill Faulk is from the P.O.'s Office and two members from the County Exec's Office, one from the Budget Office and one from the County Exec's Office. I believe it's Allen Kovesdy and Doug Miller.

CHAIRMAN ALDEN:

I apologize, Legislator Mystal, for interrupting you.

MR. FUNG:

Also on the committee -- also present are representatives from IS, but they are not voting members.

CHAIRMAN ALDEN:

Thanks. So if you can accommodate Legislator Mystal's request.

LEG. MYSTAL:

Again, Jim, this is not -- this is not a priority. I think it's just for the enlightenment of everybody around the horseshoe so they can understand, you know, what we are area talking about without, you know, going too deep into it.

MR. SPERO:

We'll do it.

CHAIRMAN ALDEN:

Jim, anything else or anything that you want to bring up?

MR. SPERO:

I'll just direct the Legislator's attention to an overall analysis we did of the County's debt, which

is contained in the upfront section of the report starting on page three. And in this analysis we project where the County's debt service cost is going to go through the Year 2014. So I would direct the Legislator's attention to review this when you have a chance.

The chart on page nine didn't come out that well in the black and white. And we submitted colored charts, we put them in the mailboxes yesterday, you can replace the black and white chart with the colored chart. And you can see how we are projecting debt service based on a number of things that are going on in the County currently. We have the base line being the existing debt with an overlay of the debt we are issuing for the spring borrowing of 71 million, plus the dissavings from the upcoming refunding of three and a half million dollars annually, plus the debt service on the \$65 million anticipated retirement borrowing later this year, plus the layer of projects already authorized, but yet unissued debt, then we layer on top of that the costs for phase one and phase two of the new jail construction, and at the very top, the component for the land acquisition -- an aggressive land acquisition program if two resolutions currently on the table are adopted by the Legislature. So I would just direct your attention to that --

LEG. BISHOP:

I have a question.

MR. SPERO:

-- because the projected debt service cost will be impacting General Fund taxes in the future.

CHAIRMAN ALDEN:

Legislator Bishop.

LEG. BISHOP:

Jim, I have a couple of questions. First, regarding that top layer which is more aggressive land acquisition programs, I assume one of the resolutions that you are analyzing is one that I'm cosponsoring with Legislator Fisher. That is -- involves renewing the Quarter Cent Program for the out years, now, up front. So you are smiling, what does that mean?

MR. SPERO:

That cash flow won't start until the Year 2014. So between now and the Year 2014, it's going to be impacting the County's General Fund directly.

LEG. BISHOP:

But I thought the theory was that you could borrow against the future and it would be paid off in those out years, those future years.

MR. SPERO:

The debt on land is typically 20 years, so yeah, to the extent that the debt service is still payable in those last ten years, yes, that's the case. But the revenue stream and the expenses, the bond repayments, won't match. When you guarantee a bond, they call it a revenue bond, you create a revenue stream, you issue bonds against that revenue stream. They have to match. And as a matter of fact, they have to be overmatched to give the bond holders an assurance --

LEG. BISHOP:

So the revenue has to exist at the time of the bonding?

MR. SPERO:

Right. So until that revenue stream starts, it's all in the County's General Fund. It will all be sales taxes and property taxes.

LEG. BISHOP:

So it's a technical impossibility then borrow against the future revenue. How do the East End towns do that?

MR. SPERO:

They're collecting cash now through their transfer tax, million of dollars they're generating each year.

LEG. BISHOP:

But they bill as doing the same thing, that they were extending the program on the out years and borrowing the money upfront.

MR. SPERO:

I don't know the bond issues -- I don't know the specifics of the structuring of the issues, but the revenue stream and the bond repayments have to match. If they don't -- ultimately their full faith and credit bonds of the County.

LEG. BISHOP:

All right. Well, this is --

MR. SPERO:

Which means you pledge to raise taxes to repay those bonds, regardless of whether the revenue materializes or not.

LEG. BISHOP:

A, I'm sure you are correct, and B, it's new to me. And I would appreciate it, you must have a Bond Counsel opinion or something like that that you have seen. I mean, where did you get this from? If you have it, I would like it.

MR. SPERO:

I'm just saying from my own experience in dealing with these things.

LEG. BISHOP:

Because we were sold by advocates in the environmental community that it's not the case. So, you know, I've got to get to the facts.

MR. SPERO:

Before you do that, I would definitely talk to some experts. I don't consider myself a bonding expert, but certainly --

LEG. BISHOP:

But you are a municipal finance expert.

MR. SPERO:

We can certainly discuss this with Bond Counsel, and we certainly should.

LEG. BISHOP:

No, you're raising a very important issue.

MR. SPERO:

Don't issue --

LEG. BISHOP:

One that would now kill the bill if it's true.

CHAIRMAN ALDEN:

Mr. Bishop, can I just interject one thing? We've already sold the revenue stream on that quarter cent or authorized the selling of that revenue stream, the current one.

LEG. BISHOP:

That is the existing quarter cent.

CHAIRMAN ALDEN:

Right.

LEG. BISHOP:

But that expires, and the resolution was --

CHAIRMAN ALDEN:

But it might be nice to see, you know, like the comparison of, you know, how that program works and how what you are proposing, you know, might work. Okay. Sorry, you had more questions.

LEG. BISHOP:

Now unauthorized -- authorized unissued debt, which is, you know, a small item, it's only about \$400 million.

MR. SPERO:

That's the red area. If you happen to have the colored chart, it's --

LEG. BISHOP:

Nobody has the colored chart. It's a completely useless --

MR. SPERO:

It's in your mailbox.

LEG. BISHOP:

Okay. All right. Which is what, the bottom area?

MR. SPERO:

It's the middle area.

LEG. BISHOP:

Middle area.

MR. SPERO:

It's the middle larger area there.

LEG. BISHOP:

It's the red area. Now, let's just talk about what the nature of authorized unissued debt is, because this has always, after a decade here, confused me. The Legislature takes a vote and we appropriate -- and we think the project is going to, occur, right, then we say, you know, County Road 1, repave it, here's \$5 million in 2005. But that doesn't mean that the road is going -- the \$5 million is going to be borrowed and the road is repaved in 2005, it just means it's authorized?

MR. SPERO:

That's correct.

LEG. BISHOP:

Now, 2005 comes and goes, what happens in 2006? It's still lingered out there, right?

MR. SPERO:

Let me just give you a little more background. We issue debt based on our cash needs. So as projects progress, primarily the Department of Public Works, but other departments too, tell the Treasurer on a semi-annual basis how much cash they believe they are going to need for a variety of projects that are progressing, okay? Some projects, as you know, you are pointing out, may not progress for several years. So we never borrow against them -- against the authorizations approved by the Legislature.

And even to do what the County Clerk suggested, let's issue all the debt when the interest rates are low, well, there are arbitrage restrictions in federal law, you can't issue debt in anticipation of doing a project and start earning interest on those bonds and make money on that. That's

called arbitrage, you have to repay that money back to the federal government. So we -- the County has never issued debt based on the authorizations approved by the Legislature, it's always on cash needs. So we have attempted to, based on historical perspectives, how much debt we have issued over the last several years on a semi-annual basis, what we might be issuing for this backlog of authorized unissued projects in the future. Now, the red area -- if projects do not progress, the red area could contract. And if the County becomes very aggressive and accomplished a lot of its capital work, the red area could expand.

LEG. BISHOP:

And controlling that is not the Legislature.

MR. SPERO:

The control the Legislature has is in proposing funds. Once the funds are appropriated, the Legislature loses control of that.

LEG. BISHOP:

Exactly. This is an off-shoot of a larger point. But one point that needs to be recognized is that when you oversubscribe the Capital Program and you give them \$400 million of authorization, them being the prior Executive and the current Executive, basically you've seeded power over to the Executive Branch, because now they pick and choose which ones they can do.

CHAIRMAN ALDEN:

You've been looking at the minutes from the meetings of '98 and '99 when I made exactly those points four or five meetings in a row.

LEG. BISHOP:

I used to -- I made them all the time with regard to the Land Preservation Program. I'm glad we agree.

CHAIRMAN ALDEN:

Dave, it goes hand in hand.

LEG. BISHOP:

Now, \$400 million is obviously a lot of money. Historically, how much has the Department of Public Works -- forget that. How much has the County as a whole been able to move in a year?

MR. SPERO:

Between 70 and 80 million a year we have been borrowing in total.

LEG. BISHOP:

That's like six years of backlog that we now have.

MR. SPERO:

That's why we have over 300 plus million dollars in authorized unissued debt, because projects are not progressing that quickly.

LEG. BISHOP:

Then you are going to do the jail -- you know, undertaking the jail project if we're only able to do 70 to 80 million in any given year, but I guess that's the Dormitory Authority, so we can take that out of the mix?

MR. SPERO:

Yeah. Well, assuming that the jail project will move expeditiously. Again, if you authorize the jail and it languishes for two or three years, that debt will never be issued. So the blue area gets moved back in time.

LEG. BISHOP:

What I'm interested in is how -- how prioritization are made and what affects, you know, the decisions that we make in this Capital Budget will affect prior year's Capital Budgets. So if there's \$400 million that's already out there and we authorize another -- how much are we going to authorize this year potentially?

MR. SPERO:

We just did \$71 million for the spring borrowing, and that was higher than the normal borrowing primarily because --

LEG. BISHOP:

Let me ask it this way. Levy -- the County Executive's 2005 proposal Capital spending is how much roughly?

CHAIRMAN ALDEN:

While you're looking that up, I think it's important that note that all this in the hands of the Comptroller. He's been authorized to borrow \$400 million. I don't even think it goes to DPW in as far as, you know, how the projects progress. He is authorized right at this point to borrow \$400 million.

LEG. BISHOP:

But it is, it's DPW that has to say that we're ready to do the work.

CHAIRMAN ALDEN:

but the Comptroller has the authorization right now from us to borrow that money.

LEG. BISHOP:

You he said you can't because of arbitrage rules. You can't borrow unless you are actually doing.

MR. SPERO:

You shouldn't borrow. You could borrow it, but you shouldn't borrow it.

CHAIRMAN ALDEN:

He has the authority to borrow it right now.

MR. SPERO:

The Comptroller traditionally has been very conservative in the borrowings. Like I said, it's always on the projected cash need. So when we borrow money, we can expect to expend those funds within a year or so from the time the bonds are issued. Okay. For '05, the County Executive is projecting \$142.4 million in serial bonds authorizations. Now, 66 million for so of that is for the jail.

LEG. BISHOP:

So it's 140 --

MR. SPERO:

142.4.

LEG. BISHOP:

Might 60, which is the Dormitory Authority, so that's 80. And they can only handle 70 to 80 in

any given year. So the backlog will never whittle down under that arithmetic; is that correct?

MR. SPERO:

Again -- yeah, that's right, because we projected the red area in our analysis based on what's happened in the past. So if the County processes the jail project, you know, the other -- depending on who does it, if -- the red area might even expand if DPW doesn't do the jail. If DPW does the jail, they may not be able to put the resources in other projects.

LEG. BISHOP:

That's my point.

MR. SPERO:

So there's a disconnect between the time when the Legislature actually makes an authorization to spend and when the bonds are actually issued.

LEG. BISHOP:

And the project actually occurs.

MR. SPERO:

There's a disconnect. And it could be years, the disconnect can take some time.

LEG. MYSTAL:

Legislator Bishop, one question -- not a question, but a clarification maybe. You have been around this County long enough to know, we're not even in the planning stage of the jail. It took us three years to renovate one precinct. That's renovation. So if we have \$66 million, Legislator Lindsay pointed that out before, if we have \$66 million for Capital Projects next year and another \$40 million for 2006, we think, we were looking at for 2006, what are the chances that we are going to expend that money in 2005?

LEG. BISHOP:

I'm pointing out that even absent the jail, taking the jail out of it, because the jail seems to be in the Dormitory Authority column, and that pushes it out of this discussion that I'm having about authorized unissued debt that the amount of borrowing is at 100% of the capacity of the government to move the projects. So you have this authorization from prior years, almost six years worth, that theoretically will never be gotten to, or you are going to take one from six

years ago and that means anything that's on the list as a priority for this year, like the router system for the Clerk, whatever, is really six years out or five years out. It's a bad situation. I guess that's the bottom line. It's not a good situation.

LEG. MYSTAL:

It depends on how you fast track it, because you can fast track projects.

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LEG. BISHOP:

But the government ultimately -- historically has always had the ability to only get to about \$80 million worth of projects in a given year, and this Legislature has authorized already, I think it's close to 400 million, and there's another, even leaving out the jail, 80 coming over in this next Capital Budget.

CHAIRMAN ALDEN:

But I think you need an analysis of what type of projects those are, Dave. If those are all road projects or, you know, building projects, then that analysis is perfect for it. But if it's to say go out and buy a piece of equipment for \$95,000, which can be accomplished in a matter of minutes over the phone, then you're looking at a different analysis as far as how fast that project could be completed. Most of these -- and that would be the question that --

LEG. BISHOP:

But the mix is any given year is equal to 80 million. So, I mean, maybe there will be one year where they just do tractors and equipment, and they can get! \$150 million. You know, when -- another observation is that when -- when I had a conversation with the County Executive about the Capital Budget in January, I said, you know, you should propose nothing because you have years of backlog that you will never get to. But I guess that advice wasn't -- wasn't listening to. In terms of what we're doing to our overall debt structure, it would behoove any member of the Legislature to read this report, because the trend line is very dangerous and something that really -- that in the 1990s we should have been enormously proud of and touted more, because we really held the line on our debt. When local governments go bad it's inevitably because they borrow -- they over borrow, especially if they borrow for operating expenses, which is something that we've already begun doing. These projects are just going to compound it.

CHAIRMAN ALDEN:

Very wise advice. Legislator Montano.

LEG. MONTANO:

I'll pass.

CHAIRMAN ALDEN:

Anybody else have any comments or anything? Jim, that was pretty much your only warning to us or is there something else that we should focus on?

MR. SPERO:

That's the primary -- one of the prime focuses of the report, because the Capital Program is made up of hundreds of projects. There's projects in the pipeline, there's new projects being proposed, there's projects currently being constructed. And you have to look at the program on a project by project basis, because you look at each project and you decide on the merits of each project. But in the aggregate, you need to look at where we are going vis a vis the County's debt service and how that could impact taxes in the future. And that's basically what we tried to show.

CHAIRMAN ALDEN:

Legislator Lindsay.

LEG. LINDSAY:

But everybody is assuming that this big blob of red is going to be appropriated all in one year.

MR. SPERO:

It's already appropriated.

LEG. LINDSAY:

Spent.

MR. SPERO:

Spent. That's the better word.

LEG. LINDSAY:

We haven't been able to do that throughout the history of the County, what makes you think we're going to do it next year?

MR. SPERO:

Because the red area is what we think will be issued based what we've issued in the past. We are already counting for slippage so to speak. We don't think it's an unreasonable scenario.

LEG. LINDSAY:

I know it has to be there, but I don't think it's anything to be excited about.

CHAIRMAN ALDEN:

Any other comments or questions? We also have Mandate Relief as part of this. Legislator Caracciolo has stepped out of the room at this point, but is there anything that -- you know, any new things on mandated relief? I know that we're looking at possibly being allowed to borrow money for our obligations under the retirement system.

MR. SPERO:

As everyone knows, the state budget is still hanging out there. We're hoping for some mandate relief of some sort on the pension issue, maybe long term relief on the Medicaid issue.

CHAIRMAN ALDEN:

yeah. I think that's important to point out. What would our budget look like if we didn't have the obligation for that huge increase in Medicaid or the obligation to pay 25% of the Medicaid costs in New York State?

MR. SPERO:

We projected for '05, net County cost for Medicaid to be about \$230 million.

CHAIRMAN ALDEN:

So if you project it out, that could end up being the whole budget. You know, 15, 20 years from now, we could just exist to pay our Medicaid cost.

MR. SPERO:

It's taking up a fully penny of the sales tax just to pay Medicaid.

CHAIRMAN ALDEN:

Any other comments? We Just want to thank New York State for a couple of those things. Anybody else want to address the committee? If not, we stand adjourned.

(* THE MEETING WAS ADJOURNED AT 11:21 P.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY